
OLR Bill Analysis

SB 1056

AN ACT STREAMLINING CERTAIN PROCESSES AT THE DEPARTMENT OF CONSTRUCTION SERVICES CONCERNING CONSTRUCTION MANAGER AT-RISK PROJECT DELIVERY CONTRACTS, THE HIRING OF CONSULTANTS AND CONTRACTS FOR THE INSTALLATION OF PREFABRICATED BUILDINGS.

SUMMARY:

This bill makes several changes concerning the Department of Construction Services (DCS). It allows, for DCS construction manager at risk (CMR) projects that involve renovations of existing buildings or facilities, (1) certain work to begin before the project's guaranteed maximum price (GMP) is determined and (2) a separate GMP to be determined for each phase of a multi-phase project.

The bill explicitly authorizes DCS to enter into certain types of "on-call" consultant contracts and specifies that it may do so without following the selection process that it typically uses to select such consultants.

Lastly, it allows DCS, in consultation with the Department of Administrative Services (DAS), to purchase property and services concerning the installation of prefabricated and pre-engineered buildings from a person who has a contract to sell such property and services to the federal government. (DAS already has the authority to purchase equipment and supplies from such individuals.) Under the bill, DCS, to the extent possible, must obtain at least three competitive proposals or price quotes when making such purchases.

EFFECTIVE DATE: July 1, 2013

CMR PROJECTS

By law, a CMR project cannot proceed until the GMP is determined, except for site preparation and demolition work for which contracts

have previously been bid and awarded (see BACKGROUND). The bill allows, for CMR projects that involve renovations of existing buildings or facilities, public utility installation and connections and building envelope components (e.g., roof, doors, windows, exterior walls) to also begin before the GMP is determined, as long as they have previously been bid and awarded. Additionally, it allows a separate GMP to be determined for each phase of a multi-phase project that involves renovating an existing building while it remains occupied. Under current law, one GMP is determined for the entire project.

The bill eliminates a requirement that the construction manager for a DCS-administered CMR project advertise, in one or more newspapers having general circulation in the state, bidding opportunities for project elements (i.e., trade packages) of a CMR project. Instead, it conforms the law to current practice by requiring that such opportunities be posted on the State Contracting Portal.

ON-CALL CONTRACTS

The bill specifically allows DCS to enter into “on-call” contracts with consultants “for a particular program involving various projects” that include constructing new buildings or renovating existing buildings under the control of a single agency. Under current law, DCS can enter into on-call contracts for a range of consultant services or a range of tasks pursuant to a task letter detailing the services to be performed.

The bill also specifies that, for the types of on-call contracts it specifically authorizes, DCS does not have to follow the selection panel process typically used for on-call contracts. Under this process, DCS must establish selection panels for evaluating consultant services proposals if the value of the services exceeds \$300,000. The panels must submit a list of the most qualified firms to the DCS commissioner for his consideration.

It is thus unclear how DCS would select contractors for the on-call contracts authorized by the bill. Presumably, the commissioner would negotiate with those firms he determines to be most qualified, at fair

and reasonable compensation, to render the particular consultant services under consideration (CGS § 4b-58).

BACKGROUND

CMR Projects

In a CMR project, the owner (e.g., DCS) hires a firm with construction experience (the construction manager or “CM”), usually during a project’s design phase, to manage the entire construction process. The CM provides pre-construction services such as estimating costs, budgeting, reviewing constructability and suggesting construction alternatives (“value engineering”), and scheduling. Once the design is finalized, the CM seeks competitive bids from subcontractors for each project element (e.g., electrical, mechanical, carpentry, roofing). Once the subcontractors’ bids are received and verified for compliance with project requirements, scope, and specifications, the CM and the project owner negotiate and set a GMP for construction. The CM assumes the risk to complete the project within the GMP.

The GMP includes the CM’s fee, the cost of the work, and contingency funds for the project. The CM is responsible for costs that exceed the GMP, excluding any work not included in the final GMP that the owner authorizes through a change order process.

On-Call Contracts

An on-call contract defines a broad range of consultant services (e.g., architectural services, professional engineers, accountants, and others) and is generally valid for two to three years. An on-call contract is generally not connected to a specific project; rather, DCS subsequently issues task letters to firms with on-call contracts that identify a specific scope of services to be performed and the fee for those services.

Related Bill

sSB 889, reported favorably by the Higher Education Committee, eliminates the newspaper advertising requirement concerning trade packages for UConn-administered CMR projects.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable

Yea 14 Nay 0 (04/05/2013)